

Message Text

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12

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 FEA-01 AEC-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 /091 W
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R 111038Z JAN 75

FM USINT BAGHDAD

TO SECSTATE WASHDC 1531

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY THE HAGUE

C O N F I D E N T I A L BAGHDAD 0029

KUWAIT PASS DOHA

E.O. 11652: GDS

TAGS: ENRG, IZ

SUBJECT: BPC NEGOTIATIONS WITH IRAQ

REF: BAGHDAD 004

1. BPC TEAM HEADED BY MANAGING DIRECTOR GEOFFREY STOCKWELL AND INCLUDING TONY MILLER OF SHELL, H. E. NORTON OF BP, AND ANDY ENSOR OF NEDC (EXXON AND MOBIL), BEGAN NEGOTIATIONS WITH GOI JANUARY 5. AFTER SHORT MEETING WITH NEW OIL MINISTER ABDUL KARIM, NEGOTIATIONS BEGAN WITH IRAQI SIDE HEADED BY UNDER SECRETARY FADHIL CHALABI. THIS UNFORTUNATE FROM BPC VIEWPOINT SINCE CHALABI HAS SPECIFIC NEGOTIATING
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INSTRUCTIONS AND CLEARLY MUST "GO UPSTAIRS" WHENEVER IMPOR-

TANT NEW POINT RAISED. AMERICAN REP ENSOR HAS BEEN ACCEPTED AS LEGITIMATE MEMBER OF TEAM TO DISCUSS COMPENSATION FOR NATIONALIZATION OF NEDC.

2. MAJOR ISSUE IS SETTLEMENT OF CLAIMS, COUNTERCLAIMS, OIL PAYMENTS, TAXES, ETC. FROM MARCH 1, 1973 TO DECEMBER 31, 1974. THERE IS APPARENT AGREEMENT NOT TO TALK ABOUT FUTURE, BOTH SIDES RECOGNIZING SIGNIFICANCE OF SAUDI-ARAMCO NEGOTIATIONS
INITIAL IRAQI POSITION IS THAT BPC WRITE LETTER TO GOI SPELLING OUT BY CATEGORY AMOUNT OWED TO GOI FOR THIS 22 MONTH PERIOD WHICH, BY IRAQI RECKONING, IS ABOUT 500 MILLION DOLLARS. BPC CLAIMS AGAINST GOI WOULD NOT BE MENTIONED IN THE LETTER, BUT WOULD BE DEDUCTED FROM AMOUNT OWED. BPC ESTIMATES THEIR TOTAL CLAIMS AT ROUGHLY 250 MILLION DOLLARS.

3. THERE ARE SERIES OF COMPLEX QUESTIONS AND CALCULATIONS TO BE DECIDED BEFORE TOTAL AMOUNTS CAN BE AGREED UPON:
E. G. WHETHER 60-40 PARTICIPATION FORMULA EFFECTIVE JANUARY 1, 1974 TO BE APPLIED TO 100 PERCENT OR ONLY BPC'S 57 PERCENT; BPC REPAYMENT FOR INOC OIL LIFTED IN AUGUST-OCTOBER; AND WHETHER AND WHEN INOC IS GOING TO PAY ITS SHARE OF BPC EXPANSION PROGRAM. AS REUSLT, NEGOTIATIONS LIKELY TO TAKE SOME TIME. BPC TEAM NOW PLANNING TO DEPART JAN 11 AND RETURN IN ABOUT 10 DAYS.

4. SUBJECT OF FORMULA FOR COMPENSATING NEDC HAS NOT COME UP YET.
LOWRIE

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Message Attributes

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